

Message Text

SECRET

PAGE 01 BELGRA 04610 01 OF 02 091306Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----124889 091310Z /40
O 091220Z JUL 77
FM AMEMBASSY BELGRADE
TO SECSTATE WASHDC IMMEDIATE 1428

S E C R E T SECTION 1 OF 2 BELGRADE 4610

EXDIS

E.O. 11652: GDS
TAGS: MASS, YU, ET, US
SUBJECT: WHERE NEXT ON M-47 TANK DIVERSIONS

REF: A) STATE 154598; B) BELGRADE 4603; C) BELGRADE 4316

1. WE NOW HAVE MINIC'S ANSWER AND ACKNOWLEDGMENT OF THE
DIVERSION. WHERE DO WE GO FROM HERE?

2. FIRST THERE IS NO QUESTION THAT THIS IS A SERIOUS
MATTER AND MUST BE REPORTED TO THE CONGRESS. THE NUMBER
INVOLVED--70--IS SIGNIFICANT. NOR CAN WE TAKE LIGHTLY
THE FLOUTING OF BILATERAL AGREEMENTS.

3. AT SAME TIME, AS WE DEFINE WHETHER THIS IS "SUBSTANTIAL"
VIOLATION UNDER THE LAW, WE SHOULD KEEP IN MIND FOLLOWING:
--IT APPEARS YUGOSLAVS DID SUGGEST TO ELLSWORTH IN 1974
THE NEED TO DISCUSS DISPOSAL PROBLEMS THEY HAVING WITH
US EQUIPMENT RECEIVED DURING 1950S. AS FAR AS WE CAN
TELL USG NEVER RESPONDED.
--THE TANKS THEMSELVES ARE OBSOLETE AND IN MANY PLACES
AROUND THE WORLD HAVE BEEN TURNED INTO SCRAP.
--FINALLY, WE DID IN AFFECT GET AN APOLOGY AND
ASSURANCES THAT THIS WOULD NOT HAPPEN AGAIN.
--ON BASIS OF PREVIOUS DEVERSION CASES CITED REF A.

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IT IS A CLOSE CALL WHETHER THIS IS A "SUBSTANTIAL"
VIOLATION. AS COMPARED TO PREVIOUS DIVERGENCE CASES,
NUMBERS GREATER IN YUGOSLAV CASE, BUT SOPHISTICATION OF
WEAPONS INVOLVED NOT AS GREAT.

4. ON BALANCE THIS PROBABLY WAS A "SUBSTANTIAL" VIOLATION
BUT I AM HAVING A HARD TIME GETTING THERE AND MATTER

COULD GO EITHER WAY IN THE ABSTRACT.

5. IN PRACTICE, HOWEVER, BELIEVE WE SHOULD AT LEAST CONSIDER CONSEQUENCES OF WHAT SUCH A FINDING WILL HAVE ON OUR LONG-TERM INTERESTS HERE. WE HAVE A VITAL STAKE IN YUGOSLAVIA'S CONTINUING INDEPENDENCE FROM THE SOVIET UNION. TITO HAS IN RECENT MONTHS APPEALED TO NEARLY EVERY MAJOR WESTERN LEADER INCLUDING VICE PRESIDENT MONDALE TO HELP IN THIS REGARD BY IMPROVING MILITARY COOPERATION. AND AS TITO GROWS OLDER WE HAVE A GROWING INTEREST IN ESTABLISHING RELATIONS WITH YUGOSLAVIA'S MILITARY WHO, WITH THE PARTY, WOULD LARGELY DETERMINE THIS COUNTRY'S FUTURE. CREATING SOME SORT OF MODEST BUT MEANINGFUL MILITARY COOPERATION FOR THE FIRST TIME SINCE THE 1950S WAS HIGH ON MY AGENDA UNTIL THIS TANK MESS CAME ALONG. I CONTINUE TO THINK IT IMPORTANT FOR OUR LONG-TERM INTERESTS. AS I DISCUSSED MORE FULLY IN REF C, WE SHOULD REFLECT CAREFULLY UPON THE LARGER FRAMEWORK OF OUR POLICY HERE BEFORE TAKING ACTIONS WHICH WOULD FORECLOSE FOR YEARS TO COME THE OPTION OF A PROGRAM WHICH IS AS MUCH IN OUR INTEREST AS THAT OF YUGOSLAVIA. AT THE SAME TIME WE FACE AN IMMEDIATE PROBLEM WHICH REQUIRES AN EARLY AND A FIRM US RESPONSE.

6. EMBASSY RECOMMENDATIONS:

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A. NOTIFICATION. NOW THAT THE GOY HAS CONFIRMED THE TRANSFER, IN ACCORDANCE WITH THE LAW THE ADMINISTRATION MUST NOTIFY THE CONGRESS. THERE SHOULD BE NO ATTEMPT TO OBSCURE THE MATTER UNDER A SECURITY CLASSIFICATION.

B. MILITARY SALES. THE ONLY ITEM OF ANY SIGNIFICANCE NOW PENDING IN OUR MILITARY-TO-MILITARY RELATIONSHIP IS THE MARK-44 TORPEDO LETTER OF OFFER. A YUGOSLAV TECHNICAL TEAM IS SCHEDULED TO VISIT THE US ON JULY 20. THE ITEM IS PARTICULARLY IMPORTANT TO THE YUGOSLAVS (AND TO THE US AS WELL) AS POTENTIALLY THE FIRST WEAPON OF ANY VALUE TO CHANGE HANDS SINCE THE 1950S. WE BELIEVE THAT WE SHOULD NOT FOREVER PRECLUDE THE POSSIBILITY OF THIS PURCHASE, BUT NEITHER DO WE BELIEVE IT SHOULD BE ALLOWED TO PROCEED UNAFFECTED BY THE TANK DIVERSION. ACCORDINGLY, WE RECOMMEND THAT THE LETTER OF OFFER BE WITHDRAWN IMMEDIATELY. AT THE SAME TIME, WE SHOULD LET THE GOY KNOW WE MIGHT RPT MIGHT CONSIDER RENEWING THE LETTER OF OFFER FOLLOWING THE OCTOBER 1977 VISIT OF YUGOSLAV AIR FORCE CHIEF CEMALOVIC. THE WITHDRAWAL OF THE LETTER OF OFFER MUST BE KEPT PRIVATE; AND THERE SHOULD BE NO EXPLICIT DIRECT LINKAGE BETWEEN THE TANKS

AND TORPEDOES. THE YUGOSLAVS WILL BE SUFFICIENTLY AWARE TO RECOGNIZE THE LINKAGE, AND OUR POINT WILL HAVE BEEN MADE.) IT IS DIFFICULT TO OVER-STATE YUGOSLAV ALLERGY TO PRESSURE, PARTICULARLY IF IT IS PUBLIC; THEY WILL INEVITABLY OVER-REACT CAUSING DEGREE OF DAMAGE ALL SHOULD RATIONALLY WISH TO AVOID. I BELIEVE THE NOTICE OF WITHDRAWAL SHOULD NOT BE DONE WITH MINIC OR EVEN IN BELGRADE, BUT IN WASHINGTON. I HAVE IN MIND

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ACTION SS-25

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S E C R E T SECTION 2 OF 2 BELGRADE 4610

EXDIS

THE NEED TO SEPARATE THE TWO SUBJECTS OPTICALLY. ADDITIONALLY, WITH ADM. HOLLOWAY'S CONNECTION TO THE M-44S, I RECOMMEND HE BE BRIEFED IN THIS MATTER AND BE ASKED TO RAISE IT WITH THE YUGOSLAVS. IN THE DISCUSSION WITH THEM THE RENEWAL OF THE LETTER OF OFFER SHOULD BE LINKED TO THE CEMALOVIC VISIT SO THAT THEY PERCEIVE AN ACCEPTABLE TIME LIMIT, WHILE AT THE SAME TIME, WE ARE NOT MAKING ANY COMMITMENT. C. MILITARY VISITS. THE CEMALOVIC VISIT TO THE US FOR OCTOBER AND THE VISIT OF CHIEF OF STAFF POTOCAR IN JANUARY SHOULD REMAIN ON SCHEDULE, SINCE THEY REPRESENT A BREAKTHROUGH IN THE MILITARY FIELD FOR US. OUR MAJOR INTEREST IS, AND SHOULD CONTINUE TO BE IN DIALOGUE AND CLOSER CONTACT WITH THE MILITARY. WEAPONS SALES ARE AT LEAST IN PART A MEANS TO THIS END. THE DEPARTMENT MUST BE ALERT HOWEVER, TO THE POSSIBLE DANGER THAT THE YUGOSLAVS WILL AS A RESULT OF OUR TANK DEMARCHE AND/OR THE LETTER OF OFFER WITHDRAWAL CANCEL ONE OR BOTH VISITS. THEIR PARANOID CONCEPT OF "PRESSURE" COULD BE A MOTIVATING FACTOR IN THIS RESPECT. ADDITIONALLY, THERE MAY BE THOSE IN THE

YUGOSLAV LEADERSHIP WHO ARE LOOKING FOR WAYS TO ABORT
IMPROVED US-YUGOSLAV RELATIONS IN THE MILITARY FIELD.
HOWEVER, WITH MINIC'S URGING OF NO BREAKDOWN IN
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OUR MILITARY RELATIONSHIP AND THROUGH PROPER HANDLING
OF THE LETTER OF OFFER WITHDRAWAL, I BELIEVE THIS
CONTINGENCY IS MORE A POSSIBILITY THAN A PROBABILITY.
D. DIVERSION AND DISPOSAL. FINALLY, I NEED INSTRUCTIONS
TO RETURN TO MINIC TO TELL HIM THAT WE REJECT ANY
CLAIM OR EVEN THOUGHT THAT THE 1951 AND 1959 AGREEMENTS
ARE NO LONGER VALID OR NO LONGER OF LEGAL CONSEQUENCE.
AT SAME TIME, THERE IS THE OBJECTIVE FACT THAT YUGOSLAVS
HAVE A LOT OF OBSOLETE WEAPONS LYING ABOUT WHICH COULD
CREATE FURTHER PROBLEMS IN FUTURE. IT OCCURS TO US
THAT ONE WAY WE COULD TRY TO ELIMINATE WHAT COULD
BE A RUNNING SORE--AND ALWAYS AGAINST THE BACKGROUND
THAT IT THE AGREEMENTS REMAIN IN FORCE--WOULD BE FOR US TO OFFER
TO SEND A MILITARY TEAM HERE TO DISCUSS WITH THE
YUGOSLAV MILITARY HOW, WITHIN THE CONTEXT OF THE
AGREEMENTS, WE MIGHT JOINTLY DECIDE WHAT TO DO WITH
THEIR US-PROVIDED EXCESS. THIS WOULD BE AN OFFER TO
CLEAR THE BOOKS AND TO DISPOSE OF WHATEVER OTHER EQUIPMENT
THEY CAN NO LONGER USE. THE GOY MAY NOT ACCEPT THIS
SUGGESTION, BUT IT IS IN LINE WITH WHAT MINIC SAID,
IT WOULD GET US TALKING IF THE GOY ACCEPTS, AND IT
DOES BEGIN TO PROVIDE AN AVENUE TO THE SOLUTION OF
AN OBJECTIVE PROBLEM.EVEN IF THE YUGOSLAVS ACCEPT THE
SUGGESTION, WE SHOULD REALIZE THAT THEY WILL CONSTANTLY
PUSH FOR ABROGATION OF THE AGREEMENTS. ACCORDINGLY,
THE TERMS OF REFERENCE OF ANY SUCH TALKS WOULD HAVE
TO BE VERY CAREFULLY DEFINED AND EXPLAINED TO THE GOY IN ADVANCE.

7. I BELIEVE THAT THE INTERAGENCY STUDY ON YUGOSLAV
DEFENSE NEEDS SHOULD BE SUSPENDED FOR THE TIME BEING,
PERHAPS TO BE RESUMED AFTER THE SUMMER WHEN IT WOULD
NOT BE OVERSHADOWED BY A SINGLE EVENT.

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8. FINALLY, I MUST BE TOLD BEFORE THE NOTIFICATION
IS SENT TO CONGRESS SO THAT I CAN INFORM THE GOY IN
ADVANCE.

9. I LEAVE FOR MACEDONIA TOMORROW BUT DCM YORK IS
HERE, FULLY INFORMED AND COGNIZANT OF MY VIEWS.

EAGLEBURGER

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Message Attributes

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